

Sequa Corporation

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len_pasculli@sequa.com

Leonard P. Pasculli
Senior Associate General Counsel



VIA OVERNIGHT DELIVERY

October 19, 2005

Ms. Barbara A. Nann, Assistant Regional Counsel
U.S. Environmental Protection Agency, Region 6
Superfund Division (6RC-S)
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202-2733

Mr. M. Gary Miller, Remedial Project Manager
U.S. Environmental Protection Agency, Region 6
Superfund Division (6SF-AP)
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202-2733

Re: Financial Assurance to Perform RI/FS Work—Chromalloy American Corporation
Gulfco Marine Maintenance Site, Freeport, Texas

Dear Ms. Nann and Mr. Miller:

Pursuant to Section XXIII, Paragraph 83 of the modified Unilateral Administrative Order (“UAO”) for the above-referenced Site, Sequa Corporation on behalf of its subsidiary Chromalloy American Corporation (“Chromalloy”), one of the Respondents in the UAO, is submitting the enclosed financial information to demonstrate that it has sufficient assets available to perform the Work under the UAO and to fund its current share of the costs of such Work.

Pastor, Behling & Wheeler, LLC (“PBW”), Project Coordinator for the Respondents performing the Work, currently estimates that the costs for the Remedial Investigation and Feasibility Study (RI/FS) for the Site are approximately \$750,000. As the attached “financial test” letter dated March 17, 2005, demonstrates, after adding the estimated costs of the RI/FS of \$750,000, Sequa Corporation has sufficient tangible net worth and assets for Chromalloy to perform the Work and to fund its current share of the costs of the Work.

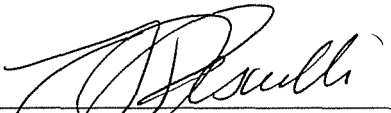
Ms. Barbara Nann and Mr. M. Gary Miller

Page 2

Thank you for the opportunity to submit this documentation. Should you have any questions, do not hesitate to contact Chromalloy's legal counsel, William Mahley at (713) 951-5633.

Sincerely,

Sequa Corporation on behalf of Chromalloy American Corporation

By: 
Leonard P. Pasculli

Enclosure (March 17, 2005 letter)

cc: Via Overnight Delivery

Ms. Pamela J. Travis

U.S. Environmental Protection Agency, Region 6

Mail Code 6MD

1445 Ross Avenue, Suite 1200

Dallas, Texas 75202-2733

Via Regular Mail

Mr. William Mahley – Strasburger & Price, LLP

Sequa Corporation

200 Park Avenue
New York, New York 10166
212 986-5500

Howard M. Leitner
Senior Vice President
Finance

SEQUA

March 17, 2005

CERTIFIED MAIL, RRR

Jefferie E. Garcia, Esq.
Assistant Regional Counsel (3RC42)
United States Environmental Protection Agency
Region III
1650 Arch Street
Philadelphia, PA 19103-2029

Jill S. Lowe
EPA Project Coordinator (3HS21)
United States Environmental Protection Agency
Region III
1650 Arch Street
Philadelphia, PA 19103-2029

Re: Financial Assurance
In Re Dublin TCE Site, Bucks County, PA – Consent Decree

Dear Mr. Garcia and Ms. Lowe:

I am the chief financial officer of Sequa Corporation, 200 Park Avenue, New York, New York 10166. This letter is in support of this firm's use of the financial test to demonstrate financial assurance for closure and/or post-closure costs, as specified in subpart H of 40 CFR parts 264 and 265.

1. This firm is the owner or operator of the following facilities for which financial assurance for closure or post-closure care is demonstrated through the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure and/or post-closure cost estimates covered by the test are shown for each facility:

None

Sequa Corporation

2. This firm guarantees, through the guarantee specified in subpart H of 40 CFR parts 264 and 265, the closure and post-closure care of the following facilities owned or operated by the guaranteed party. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility:

**American Chemical Services Superfund Site
420 S. Colfax Avenue
Griffith, Indiana
EPA # IND 016360265
Closure Costs: \$47,884.33**

(Sequa does not "own or operate" this site, but is a PRP under CERCLA and signed a Consent Decree which requires Sequa to financially assure its portion of the closure costs, or \$47,884.33.)

**John H. Thompson (owner)
120 Mill Street
Dublin (Bucks Co.), Pennsylvania
Remediation Costs: \$1,130,000.00**

(Sequa does not "own or operate" this site ("Dublin TCE Site"), but is a PRP under CERCLA and in December 2004 signed a Consent Decree with the USEPA and USDOJ, which requires Sequa to financially assure its portion of the remediation costs, or \$1,130,000.00.)

3. In States where EPA is not administering the financial requirements of subpart H of 40 CFR part 264 and 265, this firm, as owner or operator or guarantor, is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility:

**Atlantic Research Corporation
5945 Wellington Road
Gainesville, Virginia 22065
EPA # VAD 023741705
Closure costs: \$337,830**

Sequa Corporation

**Atlantic Research Corporation
5945 Wellington Road
Gainesville, Virginia 22065
EPA # VAD 023741705
Remediation costs: \$3,052,500**

This firm is the direct or higher-tier parent corporation of Atlantic Research Corporation

4. This firm is the owner or operator of the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in subpart H of 40 CFR parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility:

None.

5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under part 144. The current closure cost estimates as required by 40 CFR 144.62 are shown for each facility:

None.

This firm is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 2004.

ALTERNATIVE I

1.	Sum of current closure and post-closure cost estimates	\$4,568,214
*2.	Total liabilities	1,291,692,461
*3.	Tangible net worth	392,804,559

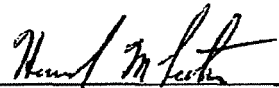
Sequa Corporation

*4.	Net worth	671,060,559
*5.	Current assets	1,062,727,649
*6.	Current liabilities	386,377,683
7.	Net working capital (line 5 minus line 6)	676,349,966
8.	The sum of net income plus depreciation, depletion and amortization	108,792,691
*9.	Total assets in U.S. (required only if less than 90% of assets are located in the U.S.)	1,341,282,310
10.	Is line 3 at least \$10 million?	yes
11.	Is line 3 at least 6 times line 1?	yes
12.	Is line 7 at least 6 times line 1?	yes
*13.	Are at least 90% of firm's assets located in the U.S.? If not, complete line 14	no
14.	Is line 9 at least 6 times line 1?	yes
15.	Is line 2 divided by line 4 less than 2.0?	yes
16.	Is line 8 divided by line 2 greater than 0.1?	no
17.	Is line 5 divided by line 6 greater than 1.5?	yes

Sequa Corporation

I hereby certify that the wording of this letter is identical to the wording specified in 40 CFR 264.151(f) as such regulations were constituted on the date shown immediately below.

SEQUA CORPORATION

By 
Howard M. Leitner
Senior Vice President, Finance
March 17, 2005

Independent Auditor's Report on Compliance

Sequa Corporation

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Sequa Corporation (the "Company") as of December 31, 2004, and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended, and have issued our report thereon dated March 9, 2005.

We have read the letter dated March 17, 2005 from Howard Leitner, Senior Vice President, Finance of the Company, submitted to the Assistant Regional Counsel and EPA Project Coordinator of United States Environmental Protection Agency Region III in support of the use of the financial test to demonstrate financial assurance for closure and/or post-closure costs at the Dublin TCE Site in Bucks County, Pennsylvania.

In connection with our audit and in accordance with Subpart H of 40 CFR parts 264 and 265, we have compared the financial data, as defined, indicated in that letter as having been derived from the Company's financial statements, to the Company's consolidated financial statements for the year ended December 31, 2004, or to amounts in the accounting records used to prepare the Company's financial statements. In connection with this comparison, no matters came to our attention that caused us to believe that the specified financial data should be adjusted.

This report is intended solely for use of the Company and the United States Environmental Protection Agency and should not be used for any other purpose.

Ernst & Young LLP

March 22, 2005

CORPORATE GUARANTEE FOR CLOSURE OR POST-CLOSURE CARE

Guarantee made this March 17, 2005, by Sequa Corporation, a business corporation organized under the laws of the State of Delaware, herein referred to as guarantor. This guarantee is made on behalf of (1) American Chemical Services RD/RA Group, 420 S. Colfax Avenue, Griffith, IN ("ACS") and (2) John H. Thompson, 120 Mill Street, Dublin (Bucks Co.), Pennsylvania, entities with which guarantor has a substantial business relationship, as defined in 40 CFR 264.141(h), to the United States Environmental Protection Agency (EPA).

RECITALS

1. Guarantor meets or exceeds the financial test criteria and agrees to comply with the reporting requirements for guarantors as specified in 40 CFR 264.143(f), 264.145(f), 265.143(e), and 265.145(e).

2. ACS or John H. Thompson owns or operates the following hazardous waste management facility(ies) covered by this guarantee:

American Chemical Services (owner)
420 S. Colfax Avenue
Griffith, Indiana
EPA # IND 016360265

John H. Thompson (owner)
120 Mill Street
Dublin (Bucks Co.), Pennsylvania

3. "Closure plans" and "post-closure plans" as used below refer to the plans maintained as required by subpart G of 40 CFR parts 264 and 265 for closure and post-closure care of facilities as identified above.

4. For value received from ACS and John H. Thompson, guarantor guarantees to EPA that in the event that ACS or John H. Thompson fails to perform closure of the above facility(ies) in accordance with the closure or post-closure plans and other permit or interim status requirements whenever required to do so, the guarantor shall do so or establish a trust fund as specified in subpart H of 40 CFR part 264 or 265, as applicable, in the name of ACS or John H. Thompson in the amount of the current closure or post-closure cost estimates as specified in subpart H of 40 CFR parts 264 and 265.

5. Guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, the guarantor fails to meet the financial test criteria, guarantor shall send within 90 days, by certified mail, notice to the EPA Regional Administrator(s) for the Region(s) in which the facility(ies) is(are) located and to ACS or John H. Thompson that he intends to provide alternate financial assurance as specified in subpart H of 40 CFR part 264 or 265, as applicable, in the name of ACS or John H. Thompson. Within 120 days after the end of such fiscal year, the guarantor shall establish such financial assurance unless ACS or John H. Thompson has done so.

6. The guarantor agrees to notify the EPA Regional Administrator by certified mail, of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming guarantor as debtor, within 10 days after commencement of the proceeding.

7. Guarantor agrees that within 30 days after being notified by an EPA Regional Administrator of a determination that guarantor no longer meets the financial test criteria or that he is disallowed from continuing as a guarantor of closure or post-closure care, he shall establish alternate financial assurance as specified in subpart H of 40 CFR part 264 or 265, as applicable, in the name of ACS or John H. Thompson unless ACS or John H. Thompson has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: amendment or modification of the closure or post-closure plan, amendment or modification of the permit, the extension or reduction of the time of performance of closure or post-closure, or any other modification or alteration of an obligation of the owner or operator pursuant to 40 CFR part 264 or 265.

9. Guarantor agrees to remain bound under this guarantee for as long as ACS or John H. Thompson must comply with the applicable financial assurance requirements of subpart H of 40 CFR parts 264 and 265 for the above-listed facilities, except as provided in paragraph 10 of this agreement.

10. Guarantor may terminate this guarantee 120 days following the receipt of notification, through certified mail, by the EPA Regional Administrator(s) for the Region(s) in which the facilities are located and by ACS or John H. Thompson.

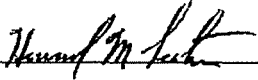
11. Guarantor agrees that if ACS or John H. Thompson fails to provide alternate financial assurance as specified in subpart H of 40 CFR part 264 and 265, as applicable, and obtain written approval of such assurance from the EPA Regional Administrator(s) within 90 days after a notice of cancellation by the guarantor is received by an EPA Regional Administrator from guarantor, guarantor shall provide such alternate financial assurance in the name of ACS or John H. Thompson.

12. Guarantor expressly waives notice of acceptance of this guarantee by the EPA, or by ACS or John H. Thompson. Guarantor also expressly waives notice of amendments or modifications of the closure and/or post-closure plan and of amendments or modifications of the facility permit(s).

I hereby certify that the wording of this guarantee is identical to the wording specified in 40 CFR 264.151(h) as such regulations were constituted on the date first above written.


Effective date: March 17, 2005

Name of guarantor: Sequa Corporation

Authorized Signature for guarantor: 

Name of person signing: Howard M. Leitner

Title of person signing: Senior Vice President, Finance

Signature of Witness or Notary: 

Katherine A. Blmetz
Notary Public of New Jersey
ID. NO. 74851
My Commission Expires March 4, 2009